INSTITUTIONAL CONTROL FUND

MONITORING AND MAINTENANCE

FINANCIAL STATEMENTS

For The Year Ended March 31, 2014

PROVINCIAL AUDITOR
of Saskatchewan

INDEPENDENT AUDITOR'S REPORT

To: The Members of the Legislative Assembly of Saskatchewan

I have audited the accompanying financial statements of the Institutional Control Monitoring and Maintenance Fund, which comprise the statement of financial position as March 31, 2014, and the statement of operations and changes in net financial assets for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards for Treasury Board's approval, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Institutional Control Monitoring and Maintenance Fund as at March 31, 2014, and the results of its operations, changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Judy Ferguson

Regina, Saskatchewan
July 17, 2014

Judy Ferguson, FCA
Acting Provincial Auditor

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INSTITUTIONAL CONTROL FUND
MONITORING AND MAINTENANCE
STATEMENT OF FINANCIAL POSITION
As at March 31

	2014	2013
FINANCIAL ASSETS		
Due from General Revenue Fund (Note 4)	$ 172,479	$ 170,684
LIABILITIES	----	----
NET FINANCIAL ASSETS AND ACCUMULATED SURPLUS (Statement 2) (Note 3)	$ 172,479	$ 170,684

(See accompanying notes to the financial statements)

INSTITUTIONAL CONTROL FUND
MONITORING AND MAINTENANCE
STATEMENT OF OPERATIONS AND CHANGES IN NET FINANCIAL ASSETS
Year Ended March 31

	Budget	Actual	
	2014 (Note 7)	2014	2013
Revenues:			
Interest (Note 4)	$ ----	$ 1,795	$ 1,032
Fees and Other (Note 5)	----	----	----
Total Revenues	----	1,795	1,032
Expenses:			
Monitoring and Maintenance	----	----	----
Tender Costs	----	----	----
Administration Costs	----	----	----
Total Expenses	----	----	----
Annual Surplus		1,795	1,032
Net Financial Assets, beginning of year		170,684	169,652
Net Financial Assets, end of year – to Statement 1		$ 172,479	$ 170,684

(See accompanying notes to the financial statements)

NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2014

1. Authority

The Institutional Control Monitoring and Maintenance Fund (Fund) was established on April 3, 2009 pursuant to Sections 11 and 12 of *The Reclaimed Industrial Sites Act* (Act). In 2007, the Government of Saskatchewan legislated the Act and *The Reclaimed Industrial Sites Regulations* (Regulations) to establish and enforce the Institutional Control Program (ICP).

The purposes of the Institutional Control Program are to:

- set out the conditions by which the Government of Saskatchewan will accept responsibility for land that, in consequence of development and use, requires long-term monitoring and, in certain circumstances, maintenance;
- ensure that the required monitoring and maintenance are carried out on that land;
- provide a funding mechanism to cover costs associated with the monitoring and maintenance on that land; and
- ensure that certain records and information are preserved with respect to that land.

The purpose of the Institutional Control Monitoring and Maintenance Fund is to cover the monitoring and maintenance costs of reclaimed industrial sites registered in the Institutional Control Program.

2. Significant Accounting Policies

Pursuant to standards established by the Public Sector Accounting Board, the Fund is classified as an "other government organization". These financial statements are prepared in accordance with Canadian generally accepted accounting principles applicable for the public sector. These financial statements do not present a Statement of Cash Flows because this information is readily apparent from the Statement of Operations.

Revenue

Fees are recognized as revenue when a site owner has completed decommissioning and reclamation work and the site has been accepted into the ICP's Registry.

Interest is recognized as revenue when earned.

Financial guarantees provided by site holders as security for monitoring and maintenance costs are recorded as financial assets and revenue of the Fund when and to the extent they are deemed necessary to cover the monitoring and maintenance costs of a site. (Note 5)

Financial guarantees that are no longer deemed necessary to cover a maximum failure event are returned to the site owner.

3. Net Financial Assets

The net financial assets of the Fund are available under Sections 11 and 12 of the Act to provide for the costs of long term planned monitoring and maintenance activities required at a site.

4. Due from the General Revenue Fund

The Fund's bank account is included in the Consolidated Offset Bank Concentration arrangement for the Government of Saskatchewan. The bank account is under the fund's control.

The Fund's earned interest is calculated and paid quarterly by the General Revenue Fund to the Fund using the Government's thirty day borrowing rate and the Fund's average daily bank account balance.

5. Fees

The Regulations require an owner applying for entry of a closed site into the ICP to pay the Fund an amount representing the present value of the future costs associated with the monitoring and maintenance of the site.

In addition, as a condition of the site being accepted into the ICP, the Regulations require a site owner to provide the Fund with:

a) an agreed-upon amount of security in the form of financial guarantees that reflects the costs of dealing with a maximum failure event that could occur at the closed site; and / or
b) confirmations, satisfactory to the Minister, that addresses the site owner's legal responsibility and other conditions such as financial guarantees and credit worthiness to pay for a maximum failure event.

At March 31, 2014, the fund held $33,250 (2013 - $33,250) in financial guarantees as security for maximum failure events at mine sites.

6. Related Party Transactions

Included in these financial statements are transactions with the government ministries and agencies related to the fund by virtue of common control or significant influence by the Government of Saskatchewan.

The Fund has not been charged with any administrative costs and no provision for such costs is reflected in these statements. These costs are borne by the Ministry of the Economy. Once an investment manager is contracted, administrative costs will be charged to the Fund.

7. Budget

There is currently no official budget for this Fund as it is not anticipated that, aside from fees, there is no planned activity until 2014-15.